

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

WestCoast Anaheim Hotel
Ballroom Plaza ABC
1855 South Harbor Boulevard
Anaheim, California 92802
September 27, 2002

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Joan Dean
Member

Tyrone Freeman
Member

Robert Lennox
Member

Tom Rankin
Member

Executive Staff

Peter McNamee
Executive Director

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Mr. Hodess, Acting Chairperson, called the public Panel meeting to order at 9:07 a.m.

II. ROLL CALL

Members Present

Aram Hodess, Acting Chairperson
Barry Broad
Joan Dean
Tyrone Freeman
Robert Lennox

Members Absent

Marsha Kwalwasser
Tom Rankin

Executive Staff Present

Peter McNamee, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

Mr. McNamee recommended removing the Proposed Amendment for Century Housing from the section that includes contracts under \$100,000 that are usually approved by the Executive Director. Century Housing Corporation is proposing a "pilot" Amendment to its contract to "fast track" some of the ETP trainees for early completion and job placement.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel remove for discussion the proposed Amendment for Century Housing Corporation from the list of projects under \$100,000 usually approved by the Executive Director.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Ms. Dean moved and Mr. Broad seconded the Panel approve the Minutes of August 22, 2002.

Motion carried, 5 – 0.

V. AGREEMENTS AND AMENDMENTS

Hitchcock & Holcombe, Inc., d.b.a. Continental Training Center

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for Hitchcock & Holcombe, Inc., d.b.a. Continental Training Center in the amount of \$199,887 to retrain 211 employees from multiple employers. This will be the first ETP-funded Agreement under the name of Hitchcock and Holcombe, Inc. The two principals of Hitchcock and Holcombe had previously worked on the staff of Continental Training Center, which they have now purchased from the previous owner. Hitchcock and Holcombe, Inc., is eligible to contract with ETP as a training agency eligible to train retrainees only. Hitchcock and Holcombe, Inc., has been offering various types of computer training for corporations, county and state agencies, and non-profit organizations. The Company proposed to provide both center-based and on-site training. The core group of employers represents manufacturing, corporate headquarters, designing, and service companies that require training in Computer Skills and in Advanced Technology. The core employers have committed to providing in-kind contributions to this training totaling \$341,060 in the form of wages paid to trainees during training, payments for training materials, and partial payments for training.

Mr. Rufo introduced Steve Hitchcock and Darin Holcombe, Co-Owners. Mr. Hodess questioned the Company's procedure of customizing training for multiple employers. Mr. Hitchcock and Mr. Holcombe replied that the Company discusses with the employees and their immediate managers the skills they feel need improvement and administers a skills test.

ACTION: Mr. Freeman moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

VI. APPROVAL OF PROJECTS FOR LESS THAN \$100,000

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve delegating to the Executive Director the authority to approve the following projects that are less than \$100,000 with the exception of Century Housing Corporation:

Macromedia, Inc.	\$46,488
SAP Labs, Inc.	\$91,000
California Steel Industries, Inc.	\$79,040
Freedom Orange County Information, d.b.a. Orange County Register	\$23,920
Pioneer Packing, Inc.	\$99,840
ABX Hematology, Inc, d.b.a. ABX Diagnostics	\$39,364
AEC Able Engineering Company, Inc.	\$39,000
Pacific Design Technologies, Inc.	\$7,200
Southwest Administrators, Inc.	\$52,000
Venoco, Inc.	\$93,535

Motion carried, 5 – 0.

VII. AGREEMENTS AND AMENDMENTS CONTINUED

E-Gate College, Inc.

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for E-Gate College, Inc., in the amount of \$199,700 to retrain 127 workers from various participating employers with 100 employees or less in Computer Skills, using a curriculum customized to meet the needs of each participating employer. Training will take place exclusively at each employer's worksite during regular business hours. The participating employers will be contributing \$135,990 for wages to be paid to trainees while in training and \$48,010 for materials, books, and supplies.

At the July 2002 Panel Meeting, the Panel posed questions to E-Gate College regarding (1) Soft Skills Training, specifically Conflict Resolution and Negotiating Skills, (2) the wide range of wages for the various occupational groups, and (3) the customization of Computer Skills. E-Gate elected to remove the Soft Skills Training since that curriculum has not been approved by the BPPVE. E-Gate has submitted a more specific breakdown of trainee wages by occupation in accordance with the core group of employers. E-Gate has provided an example of how it has worked with one of the participating employers to assess the needs of the company and its workforce to determine its training needs. E-Gate has shown how computer software training is customized to the business needs of the company and the specific needs of the trainee.

Ms. Torres introduced Armin Zehtabchi, President/CEO; Reynaldo Nossa, Vice President of Operations; and Phil Kohler, Chief Operations Officer. Mr. Hodess asked if the College discusses the development of the curriculum with the employees. Mr. Zehtabchi replied that the College performs a needs analysis with the employers and task assessments with the employees.

ACTION: Ms. Dean moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

El Camino Community College District/Center for Applied Competitive Technologies

Ron Tagami, manager of ETP's North Hollywood field office, presented a One-Step Agreement for El Camino Community College District/Center for Applied Competitive Technologies in the amount of \$260,000 to retrain 300 workers employed by small and medium sized employers. The training will be customized to meet specific needs of the participating employers. Training will be conducted at employer sites.

El Camino College is requesting a waiver of the ETP minimum wage to train 20 production workers for one of its core companies, Precision Coil Spring, which is located in El Monte, a high unemployment area. The production workers at Precision Coil have limited education and lack the essential skills required to improve their employment opportunities. These production workers currently earn \$7.50 per hour. Following training and retention, Precision Coil Spring will increase trainee wages by 10 percent.

Mr. Tagami introduced William Yates, Jr., Director, and Deborah Imonti, Training Coordinator. Mr. Freeman asked if college credits were given to trainees upon completion of courses. Mr. Yates stated that the trainees receive a certificate of completion but the training is not for college credit. Mr. Hodess questioned Precision Coil Spring's turnover rate. Ms. Imonti stated its turnover rate is less than 12 percent. Mr. Hodess requested a contingency of 120-day retention for those trainees employed with Precision Coil Spring. Mr. Yates stated that El Camino Community College District would not have a problem with the 120-day retention but the trainees are not their employees and will need to discuss with Precision Coil Spring.

ACTION: Mr. Broad moved and Ms. Dean seconded the Panel approve the One-Step Agreement with the contingency that the retention period for Precision Coil Spring be 120 days.

Motion carried, 5 – 0.

Practical Data Processing, Inc.

Mr. Tagami presented a Proposed Amendment for Practical Data Processing, Inc., for an additional amount of \$293,425 to add 75 new hires to be trained in customized computer skills. Practical Data Processing has certified that the participating employers added in this phase will contribute no less than 50 percent of the costs added through this Amendment. The \$150,000 is comprised of staff time for training assessment and coordination; wages and benefits paid to newly hired workers to provide additional job training; wages and benefits paid to newly hired workers while receiving on-the-job training during their retention period; and training materials.

Mr. Tagami introduced Nancy Ho, President, CEO, and Sal Saenz, Program Manager. Mr. Broad, in looking at the list of participating employers, questioned the type of business and what kind of training would be provided to Hustler Casino and Vivid.com. Ms. Ho stated the Hustler Casino is a casino/entertainment industry, and Vivid.com is a retail E-commerce business. Ms. Ho stated that the employees in the accounting and information technology (IT) departments need advanced computer skills training in order for the company to remain viable in today's economy. Mr. Lennox questioned the cost per new hire trainee. Ms. Ho stated the high cost per trainee is for the advanced high-tech IT curriculum, which requires 360 hours of training. She stated the average wage for IT employees is \$18 per hour. Mr. Lennox questioned whether Vivid.com was an inappropriate web site. Mr. Saenz assured the Panel that it was not inappropriate. Mr. McNamee questioned whether Rio Honda College qualified as a participating employer. Mr. Broad had concerns regarding the cost per trainee and requested the project be postponed to enable staff to submit a comparison with similar projects the Panel has approved. Ms. Carrillo stated that training new hires, those who have been unemployed, require more training hours. The cost per new-hire trainees approved in the past has been as high as \$8,000 per trainee.

Mr. Freeman, upon further on-line investigation, reported that Vivid.com is an inappropriate Website. He stated his concern regarding a Contractor giving the Panel misinformation. Mr. Broad had concerns regarding job classifications, and ETP funding businesses without complete information. Mr. Hodess recommended this project be held over to enable staff to investigate further and compile a comparison of costs for similar new-hire training and to report back to the Panel at a future meeting.

ACTION: Mr. Broad moved and Ms. Dean seconded to direct staff to review the Practical Data Processing, Inc., project further and bring the project back at a future Panel meeting addressing the Panel's concerns.

Motion carried, 5 – 0.

Santa Clarita Community College

Mr. Tagami presented a One-Step Agreement for Santa Clarita Community College in the amount of \$436,380 to retrain 600 employees from various participating employers. This will be the fifth project between the Santa Clarita Community College and ETP. The Santa Clarita Community College is submitting this proposal in support of its local business community, as represented by the Valencia Industrial Association. This Association is the largest business organization within the community college district with over 350 member companies, representing over 30,000 employees in the Santa Clarita Valley. These employers are primarily engaged in light manufacturing, service industries, and the film and entertainment industry.

The International Association of Machinist & Aerospace Workers, District 725, Area 4, which represents one of the participating employers, H.R. Textron, supports the proposed ETP-funded training.

Mr. Tagami introduced Dena Maloney, Dean, Economic Development; Pamela Welden, Director, Employee Training Institute; Michael Palazzo, Business Representative, International Association of Machinists and Aerospace Workers, District Lodge 725, Area 4; and Daniel Goetz, Vice President, General Manager, Ultra Violet Devices, Inc. Mr. Hodess questioned the Hazardous Materials required training. Ms. Maloney stated the Hazardous Materials training, which is required for Hazardous Materials Specialists, is not required by the State and is training for the plant workers who may encounter hazardous materials. Mr. Hodess requested staff to check if this proposed training duplicates State-required training. He stated that ETP funding does not cover State mandated training. Mr. Maloney stated that the issue was discussed with the North Hollywood staff at the time the project was being developed.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 5 - 0.

The Martin-Brower Company L.L.C.

Mr. Rufo presented a One-Step Agreement for the Martin-Brower Company in the amount of \$107,328 to retrain 185 employees in Business, Commercial, and Computer Skills. The Contractor removed two courses from the curriculum, Department of Transportation Regulations and State of California Commercial Driving Laws and Regulations, thus reducing the total amount of ETP funding. The General Teamsters Local No. 439, which represents the transportation and warehouse workers, supports the proposed training. This project was brought to the Panel through the efforts of the Technology, Trade, and Commerce Agency. The Martin-Brower Company is the exclusive supplier of commissary products to

McDonalds. The Martin-Brower Company in adding a new “cart system” and a regional Call Center. The training earmarked for ETP funding is centered upon adapting to the technological advances that are occurring.

Mr. Rufo introduced Jack Dixon, Vice President of Human Resources.

ACTION: Mr. Lennox moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried, 5 - 0

Sears, Roebuck and Company

Mr. Rufo presented a One-Step Agreement for Sears, Roebuck and Company in the amount of \$499,200 to retrain 480 employees in Commercial Skills. This training project will focus on the Services segment, which is comprised of In-Home Product Repair Service operations. The training plan will allow the Company to shift to a high-performance workplace by providing repair technicians the ability to solve problems and make decisions independently while in the field.

Mr. Rufo introduced Liz Vukmir, Western Region Training Manager.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

Sacramento Employment & Training Agency

Creighton Chan, manager of ETP’s San Mateo field office, presented a One-Step Agreement for \$205,260 to retrain 200 workers from various small businesses. This project contains three components: (1) SET funds supporting small business entrepreneurial training; (2) Advanced Technology training supporting the Governor’s Techforce Initiative; and (3) Training employees of businesses employing less than 100 people.

Mr. Chan introduced William Walker II, Workforce Development Manager; Julie McLeod, Marketing Specialist; Thomas Frazee, Supervisor, Business and Technology Training Institute; and Angel Graves, Employment Counselor, Tech Skills. Mr. Hodess suggested that it would be more cost effective to retrain recently unemployment information technology people.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

Standard Pacific Homes, Orange County Division

Ms. Torres presented a One-Step Agreement for Standard Pacific Homes, Orange County Division in the amount of \$298,064 to retrain 171 employees. Standard Pacific Homes will invest approximately \$660,000 for ETP training related costs, which includes \$340,000 in wages and fringe benefits paid to trainees during ETP training; and \$320,000 for the cost of training non ETP-funded employees in training, project development, and excess costs of trainers and materials. This is the second project for Standard Pacific Homes of Orange County utilizing SET funds. Standard Pacific Homes is justifying its request for another SET contract to retrain its workers due to the recent downturn in the economy, which has had a detrimental effect on the residential home building industry. Nine occupations have manager or supervisor in the job title. The Company signatory stated that the nine occupations proposed for funding meet the ETP definition of frontline worker. In light of the Panel's concerns with the recent SheaHomes SET frontline worker project, various occupations, including Project Superintendent were removed from the ETP training plan.

Ms. Torres introduced Ram Fullen, Vice President of Operations; Jex Manwaring, Quality Systems Coordinator; and Hilda Pacheco-Taylor, California Training Cooperative. Mr. Hodess questioned the training for the occupations of Painter and Prepper. Mr. Fullen stated the training provided would be on-going upgrade training in business skills, customer service, and computer skills. Mr. Hodess requested that language be added to the contract similar to SheaHomes regarding the training programs of subcontractors. Mr. Fullen stated that Standard Pacific Homes works directly with and maintains an in-house list of qualified subcontractors in order to hire the workers with the best skill levels. Standard Pacific Homes is in the process of putting together a certification program within the subcontractor trades. Standard Pacific Homes also has an in-house quality assurance team that supervises and oversees critical processes at the job level. Mr. Torres stated the additional language put into the SheaHomes contract was that SheaHomes agree to endorse and support any training of their building partners and that they collect and provide data to ETP staff with quantitative and qualitative data as far as what types of activities or costs were associated with that support. Mr. Hodess asked if Standard Pacific Homes would agree to the same terms as SheaHomes, and also agree to include in the terms of the Agreement that a certification process for all the subcontractors and suppliers be in place by the end of this contract. Mr. Fullen agreed.

Mr. Broad stated his interpretation of the responsibilities of the managers was that they appeared to be production workers and the supervising they were doing was supervising subcontractors, not other employees of the Company. Mr. Fullen stated that the Customer Service Manager and Design Operation Manager do supervise employees. Mr. Freeman requested the Contractor eliminate the Customer Service Manager and Design Operation Manager from the list of managers eligible for ETP funded training.

ACTION: Mr. Freeman moved the Panel accept the Project Manager, Account Payable Supervisor, Accounting Manager, Escrow Manager, Marketing Manager, Options Manager, and Quality Assurance Manager for ETP funded training; incorporate into the contract language regarding the endorsement and support of subcontract training; and have a certification process in place for all subcontractors and suppliers by the end of the Contract. Ms. Dean seconded.

Motion carried, 5 – 0.

Cellco Partnership, d.b.a. Verizon Wireless

Mr. Broad recused himself from discussion and action on the Cellco Partnership proposal.

Mr. Hodess announced that due to a lack of a quorum for a vote, this project will be heard today but would be presented at next month's Panel meeting for the vote. Mr. Rufo stated the Contractor requested clarification regarding reimbursement for training that would start prior to a Panel vote. Mr. DeMauro stated that any reimbursed training would have to be subsequent to the Panel's approval.

Mr. Rufo presented a One-Step Agreement for Cellco Partnership, d.b.a. Verizon Wireless for the retraining of 2,466 employees for \$2,850,146. The project was brought to the Panel's attention through the Technology, Trade and Commerce Agency. This would be the third agreement with this Contractor.

The Folsom and Rancho Cordova sites are eligible as facilities providing services to customers located both in and out of the State. The Irvine and San Diego sites are eligible as providing services that are in direct competition with out-of-state companies providing the same services to a California customer base.

Verizon provides wireless voice and data services and products and resells paging services to both businesses and individual consumers. Verizon is faced with changing technology and methods of communication as well as growing customer demands and expectations. At the four facilities in this proposal, Verizon is converting its billing system. Once the conversion is completed, the customer call centers will be able to serve customer's calls from throughout the United States. Verizon is also implementing the Computer Assisted Collections System and People Soft systems to further enhance the company's customer service.

The average turnover rate for the four participating facilities was 24.1 percent in 2001. Thus Verizon is requesting that the Panel waive the turnover rate requirement. Turnover rate information from industry sources indicated annual call center turnover to be from 25 percent to 187 percent. Staff has added contract language that the contractor will earn the final 25 percent progress payment for each trainee only if the

contractor achieves an average turnover rate of 24 percent or less for the last year of the Agreement.

Mr. Rufo introduced Shane Sanders, Director of Merger Integration, and Jenifer Ford, Trainer. Mr. Hodess had concerns regarding the turnover rate in this industry. Mr. Hodess asked if the Contractor would be agreeable to extending the retention period to 150 days to assure that the Panel is making a good investment. Mr. Sanders stated one of the programs Cellco has implemented to reduce the turnover rate is a career progression program. He asked if the 150-day retention would be for all facilities. Mr. Hodess stated that since the Company is not having a turnover problem in all of the facilities, the Company should not have a problem meeting the turnover rate with a 150-day retention for all facilities covered under this Contract.

Mr. McNamee requested the Contractor to return to the next Panel meeting in order to answer any questions the other Panel members may have. Mr. Sanders agreed to return.

Gottschalks, Inc.

Mr. Rufo presented a Proposed Amendment for Gottschalks, Inc., to retrain an additional 145 employees in Business Skills Training for an increase of \$377,000.

The Panel approved this agreement in January 2002. The training program has been very successful, and Gottschalks is now requesting to train area managers. Area managers act as liaisons between corporate headquarters and the retail stores. They have been or are currently being promoted to corporate headquarter jobs as Assistant Buyers, Merchandise Planners, Store Analysts, Replenishment Planners, or Replenishment Analysts.

Mr. Rufo introduced Marci Madsen, Director of Human Resources.

ACTION: Ms. Dean moved and Mr. Lennox seconded this Amendment be approved.

Motion carried, 5 - 0.

Nationwide Credit, Inc.

Mr. Rufo presented a One-Step Agreement for Nationwide Credit, Inc. This agreement is for the retraining of 43 employees for \$22,360. Nationwide Credit provides full service capabilities to clients whose needs range from collection services to delinquent accounts to managing programs for debts that have been written off. Training under this proposal will take place at the Fresno center that is located in a high unemployment area of California.

Nationwide is requesting to waive the ETP minimum wage requirements for 26 working poor trainees located in the high unemployment area. The waiver would reduce the wage from \$11.15 per hour to \$9.94 per hour. The range of hourly wages is \$8 to \$10 per hour without health benefits. The Contractor has agreed to increase the hourly base wage by at least 5 percent following the 90-day retention period. The turnover rate in 2001 at the Fresno facility was 78 percent. The turnover rate for the occupation of Collector was 92 percent. Due to the high turnover for this occupation, Nationwide has agreed to train 194 Collectors on its own. Nationwide is requesting ETP funding only for Lead Collectors and Managers, which had a 2001 turnover rate of 12.5 percent and 20 percent respectively. Mr. Rufo stated that a provision would be added to the contract that if the turnover rate exceeds 25 percent during the final year of the Agreement, then 25 percent of the training funds would be withheld.

Mr. Rufo introduced Robert Moeller, Regional Human Resources Manager. Mr. Hodess was concerned with the turnover rate and low wages in this industry. Mr. Moeller attributed the lack of skill sets to work in a call center or collection environment as one of the main reasons for turnover. He stated this training project proposes to provide the skill sets required and the opportunity for career advancement. Mr. Hodess asked if the contractor would consider a six-month retention period and a 5 percent wage increase following 90 days retention and another 5 percent increase following six months retention. Mr. Moeller stated he would agree to the six-month retention period. He stated the trainees are paid time and a half while in training

Mr. Freeman questioned how the curriculum is designed to reduce turnover. Mr. Moeller replied that the curriculum is designed to upgrade employee's skill sets leading to career pathing.

ACTION: Mr. Hodess moved the Panel approve the One-Step Agreement with the contingency that the trainees receive a 5 percent wage increase after 90-day retention with a six-month retention period and an additional 5 percent wage increase at the end of the six-month retention period. Mr. Broad amended the motion to include the trainees will be paid time and a half during training. Mr. Freeman added that if the turnover rate exceeds 25 percent for the entire Company during the final year of the Agreement, then 25 percent of the ETP training funds would be withheld. Ms. Dean seconded.

Motion failed, 2 – 3 (Roll Call vote: Barry Broad – No; Joan Dean – Yes; Tyrone Freeman – No; Robert Lennox – No; Aram Hodess – Yes).

Conexant Systems, Inc.

Ms. Torres presented a One-Step Agreement for Conexant Systems, Inc., in the amount of \$371,000 to retrain 500 employees. Conexant Systems, Inc., will provide in-kind contribution in the amount of \$870,000 in employee wages paid to trainees during ETP training. Conexant Systems provides semiconductor product solutions by designing and developing software and hardware to wireline voice and data communications networks. In 2000, Conexant Systems embarked upon a comprehensive business strategy for reorganizing the Company. Conexant faces a critical challenge to create new skills, new mind sets in all staff, and new tools to operate in this new company environment. As a result of complex business changes, and increased out-of-state competition, Conexant must become a high performance workplace.

Conexant Systems request a waiver to ETP's 20 percent turnover rate requirement. Company representatives state that the Company's 38 percent turnover rate in 2001 was a one-time anomaly due to the worst recorded downturn in the history of the telecommunication and semiconductor industry.

Ms. Torres introduced Jeffrey Wood, PhD., Process Staff Engineer, and Sharon Dwyer, Director, Learning & Organizational Effectiveness, signatory to the Agreement. Mr. Hodess asked if Conexant Systems would extend the retention period to six months. Ms. Dwyer agreed. Ms. Torres stated that Conexant Systems has agreed to forego the final 25 percent progress payment for each trainee if it does not maintain a turnover rate of 20 percent or less for the last 12 months of the Agreement.

ACTION: Ms. Dean moved and Mr. Freeman seconded the Panel approve the One-Step Agreement.

Motion carried, 5 - 0.

General Motors Service & Parts Operations

Mr. Tagami presented a One-Step Agreement for General Motors Service and Parts Operations in the amount of \$592,800 to retrain 240 frontline workers at the Santa Fe Springs facility. These frontline workers perform warehousing processes such as materials handling, filing orders and inventory control. The Santa Fe Springs facility will be relocating to Rancho Cucamonga, California, to enable the Company to increase production and improve service to its customers. The United Auto Workers (UAW) Union Local 6645 fully supports the proposed training.

Mr. Tagami introduced Mike Shelton, Quality Control Supervisor, Bill Walton, Training Supervisor, Christina Cintron, Personnel Administrator; and Gary Fenstermacher, Acting Chairman of Local 6645, and Camerino Ramirez, Joint Trainer, UAW 6645.

ACTION: Mr. Broad moved and Mr. Lennox seconded the Panel approve this One-Step Agreement.

Motion carried, 5 - 0.

House of Packaging, Inc.

Mr. Tagami presented a One-Step Agreement for House of Packaging, Inc., in the amount of \$118,248 to retrain 123 employees in Continuous Improvement, Business Skills, and Computer Skills.

Mr. Tagami introduced Wayne Mann, Vice President Finance.

ACTION: Mr. Freeman moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 - 0.

Century Housing Corporation

Mr. Tagami presented a Proposed Amendment for Century Housing Corporation. This Amendment is considered a "pilot" amendment. The Contractor is requesting an extension to the retention period from 500 hours within the 150 days, which is in the current Agreement, to 500 hours within 272 days, which is allowable. The Contractor is also requesting an extension to the areas where trainees may be employed from Los Angeles County to Statewide. The Contractor requests the Agreement be amended to allow 9 percent of the 160 trainees in the Agreement who complete a minimum of 70–79 percent of the 320-hour ETP curriculum to quickly obtain a good job with good wages using the skills learned. The Contractor will be fully reimbursed under the following conditions: (1) 100 percent of the required class/lab training hours is delivered; (2) training is completed in at least 11 of the 15 core competencies identified in the curriculum; (3) there is documentation that the trainees passed the following written tests with minimum scores of 70 percent in shop math; 90 percent in measuring tools; 90 percent in building tools identification; and 100 percent in safety; (4) the trainees demonstrate proper lifting techniques and transportation of building materials with a 50 percent increase in endurance over a 5-week period; (5) the trainees are approved by ETP; (6) the remaining 91 percent of the trainees in the Agreement complete at least 80 percent of the class/lab training; and (7) all other early placements, which are trainees completing 80 to 99 percent of the training hours, must also complete the testing as specified in items number 3 and 4 above. It is the intent in this project that trainees should be placed with employers who have apprenticeship programs in the occupations for which trainees are being trained.

Mr. Tagami introduced Ann Marie Hichambottom, Vice President, Community Services. Mr. Hodess asked if the Contractor feels obligated to place workers into a specific apprenticeship programs when requested by the worker. Ms. Hichambottom stated Century Housing is obligated to help workers make decisions when selecting an apprenticeship program that they most likely have the capability of getting into.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the pilot Amendment.

Motion carried, 5 – 0.

VIII. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

There were no reports.

IX. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee reported on ETP's performance on approving projects and the distribution of encumbrances. ETP has exceeded its target performance level for training unemployed workers and is approving projects per the established goals and priorities set for targeting manufacturing and high tech industries.

Mr. McNamee gave an update on the fiscal challenges ETP is facing. The Panel will receive \$76 million for budget year 2002-03. Department of Finance (DOF) is requesting all Departments to prepare an assessment of the impact of eliminating vacant positions. ETP has a vacancy rate of 12 percent, and DOF is intending to eliminate 10 ETP vacant positions. ETP is still continuing to operate under the State's hiring freeze. If ETP is not allowed relief from the hiring freeze, it is possible that ETP could have a 25 percent vacancy rate. Employment Development Department (EDD) notified ETP that there is an \$8 million shortfall in revenues that were anticipated from the last fiscal year due to the drop in interest rates. EDD anticipates a \$20 million shortfall over the next two years. ETP has been directed to take the lead in coordinating with other State Agencies in designing alternatives and proposed solutions to bring the expenditure levels in alignment with the shortfall of funds. The four departments within the Labor Agency (Department of Industrial Relations, Employment Development Department, California Workforce Investment Board, Agricultural Labor Relations Board) are expected to take prorated cuts in their authorized expenditure levels.

Mr. McNamee reported ETP has submitted a Budget Change Proposal to the Labor and Workforce Agency Secretary to recapture \$30 million that was reverted to the Department of Social Services. The Agency Secretary approved the BCP and it has been forwarded to the Department of Finance.

Mr. McNamee announced ETP would be holding two Structured-On-Site Training work sessions to be facilitated by Dr. Richard Moore from the California State University at Northridge. The first work session will be held on October 25 at the Oakland Marriott City Center, and the second work session will be held on November 22 at the Renaissance Hollywood Hotel.

X. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported on a recent investigation of allegations of improprieties on the part of the Entertainment Industry Development Corporation (EIDC). Mr. DeMauro stated ETP has a current contract and has had several prior contracts with EIDC over the last few years. Mr. DeMauro stated the Attorney General's office and the District Attorney's office requested information on all contracts/agreements between ETP and EIDC. So far, there have been no findings of any misuse of ETP training funds.

XI. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, presented a worldwide performance report on training provided by employers. He stated the American employer ranks among the lowest in providing training for employees.

Nancy Ho, President, CEO, Practical Data Processing, Inc., complimented the Panel's on their ethics, values, and integrity. She clarified her Company's intention regarding awareness of participating employers' types of businesses.

XII. EXECUTIVE SESSION

There was no Executive Session at this month's Panel meeting.

XIII. ADJOURN

There being no further business and no objection, the meeting was adjourned at 12:20 p.m.